



In Reply To:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Montana State Office
5001 Southgate Drive, P.O. Box 36800
Billings, Montana 59107-6800
<http://www.mt.blm.gov/>



MTM 92362

Notice of Competitive Lease Sale Oil and Gas March 25, 2003

The Montana State Office is holding a competitive oral sale of Federal lands in the State of Montana for oil and gas leasing. We are attaching a list that includes the parcel numbers, legal land descriptions and corresponding stipulations. The list is available on the Internet at: <http://www.mt.blm.gov/oilgas>. If the site is not accessible, you may request a paper copy from our Information Access Center by calling (406) 896-5004 between the hours of 9:00 a.m. and 4:00 p.m.

When and where will the sale take place?

- When:** The competitive sale begins at 9:00 a.m. on Tuesday, March 25, 2003. The sale room opens at 8:00 a.m. for registration and assignment of bidder numbers.
- Where:** We will hold the sale at the Bureau of Land Management, Montana State Office, 5001 Southgate Drive, Billings, Montana. Parking is available.
- Access:** The sale room is accessible to persons with disabilities. If you need a sign language interpreter or materials in an alternate format, please tell us no later than one week before the sale. You may contact Elaine Kaufman at (406) 896-5108 or Joan Seibert at (406) 896-5093.

How do I register as a bidder?

Before the sale starts, you must complete a bidder registration form to obtain a bidding number. The forms are available at the registration desk.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale:

- the auctioneer offers the parcels in the order they are shown on the attached list;
- registered bidders make oral bids on a per-acre basis for all acres in a parcel;
- the winning bid is the highest oral bid equal to or exceeding the minimum \$2.00 bid;
- the decision of the auctioneer is final; and
- names of high bidders (lessees) remain confidential until the results list is available.

If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.48 acres requires a minimum bid of \$202 (101 acres x \$2).

If the United States owns less than 100 percent of the oil and gas rights in a parcel, we will issue the lease for the percentage of interest the United States owns. You must calculate your bid and advance rental payment on the gross acreage in the parcel. For example, if the U.S. owns 50 percent of the oil and gas in a 100.48 acre parcel, the minimum bid is \$202 (101 acres x \$2) and the advance rental due is \$151.50 (101 acres x \$1.50).

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw parcels or cancel a sale, we will post a notice in our Public Records and Information Center and announce the withdrawn parcels at the sale.
- **Lease terms:** Leases issue for a primary term of 10 years. They continue beyond the primary term as long as the lease is producing in paying quantities or receiving production from another source. Rental is \$1.50 per acre for the first 5 years (\$2 per acre after that) until production begins. Once a lease is producing, we charge a royalty of 12.5 percent on the production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later edition).
- **Stipulations:** Some parcels are subject to surface use restrictions or conditions affecting how you conduct operations on the lands. The stipulations become part of the lease and replace any inconsistent provisions of the lease form.
- **Bid form:** On the day of the sale, successful bidders must submit a properly completed lease bid form (Form 3000-2, October 1989 or later edition) along with their payment. The bid form is a legally binding offer to accept a lease and all its terms and conditions. When the prospective lessee or an authorized representative signs the bid form, they certify the lessee meets the conditions of 43 CFR 3102.5-2 and complies with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of bidders, and collusion among bidders. You cannot withdraw your bid.
- **Payment:**
 - minimum due by 4:00 p.m. on day of sale:**
 - Bonus bid deposit of \$2.00 per acre or fraction thereof;
 - First year's rent of \$1.50 per acre or fraction thereof except for future interest parcels; and
 - \$75 nonrefundable administrative fee
 - remaining balance due by 4:00 p.m. June 11, 2003**
 - If you don't pay in full by this date, you lose the right to the lease and all the money you paid the day of the sale. We may offer the parcel in a future sale.
- **Method of payment:** You can pay by:
 - personal check;
 - certified check;
 - money order; or
 - credit card (Visa, Mastercard, American Express or Discover).

Make checks payable to: **Department of the Interior-BLM.** We do not accept cash. If you previously paid us with a check backed by insufficient funds, we will require a guaranteed payment, such as a certified check.

- **Lease issuance:** After we receive the bid forms and all monies due, we can issue the lease. The lease effective date is the first day of the month following the month we sign it. We can make the lease effective the first day of the month in which we sign it, if you ask us in writing before we sign the lease.

How can I find out the results of this sale?

We post the sale results in our Public Records and Information Center and the Internet at: <http://www.mt.blm.gov/oilgas>. You can buy a \$5/\$10 printed copy of the results list from the Public Records and Information Center.

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid and are not subject to a pre-sale offer are available for a two-year period beginning the day after the sale. To file a noncompetitive offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$75 nonrefundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

Place offers filed on the day of the sale and the first business day after the sale in the drop box in the Public Records and Information Center. We consider these offers simultaneously filed. When a parcel receives more than one filing by 4 p.m. on the day after the sale, we will hold a drawing to determine the winner. Offers filed after this time period, receive priority according to the date and time of filing in this office.

How do I file a noncompetitive pre-sale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive pre-sale offer for lands that:

- are available; and
- have not been under lease during the previous one-year period; or
- have not been in a competitive lease sale within the previous two-year period.

Once we post a competitive sale notice, you cannot file a pre-sale offer for lands shown on the notice.

To file a pre-sale offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- 75 nonrefundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

If we don't receive a bid at the sale for the parcel(s) contained in your pre-sale offer, we will issue the lease. You can withdraw your offer prior to the date we sign your lease. Your pre-sale offer is your consent to the terms and conditions of the lease, including any additional stipulations advertised in the Competitive Sale Notice.

Where can I obtain information pertaining to the individual Forest Service Stipulations?

The applicable Forest Service Environmental Impact Studies (EIS) describe stipulations for parcels located within the administrative boundary of the Forest Service units. The Geographic Information System (GIS) maps of the stipulations may be viewed at the following Forest Service offices:

- The individual District Ranger's Office identified in the stipulation listing included with this sale notice,
or
- The individual Forest Supervisor's Office identified in the stipulation listing included with this sale notice,
or
- Forest Service, Region One Office, 200 East Broadway, Missoula, Montana

How do I nominate lands for future sales?

- file a letter with this office describing the lands you want put up for sale;
- file a pre-sale offer

Who should I contact if I have a question?

For more information, contact Trish Cook at (406) 896-5110.

When is the next competitive oil and gas lease sale scheduled in Montana?

We are tentatively holding our next competitive sale on Wednesday, May 28, 2003.

Karen L. Johnson, Chief
Fluids Adjudication Section

OFFICIAL POSTING DATE MUST BE ON OR BEFORE FEBRUARY 7, 2003

The official posting date will be noted on the copy posted in the Information Access Center of the Bureau of Land Management, Billings, Montana.

PUBLIC NOTICE

Any noncompetitive offers received for lands that are listed on the Notice from the time the list is officially posted in the Montana State Office Public Room until the first business day following the completion of the sale will be rejected as unavailable for filing per 43 CFR 3110.1(a)(ii).

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

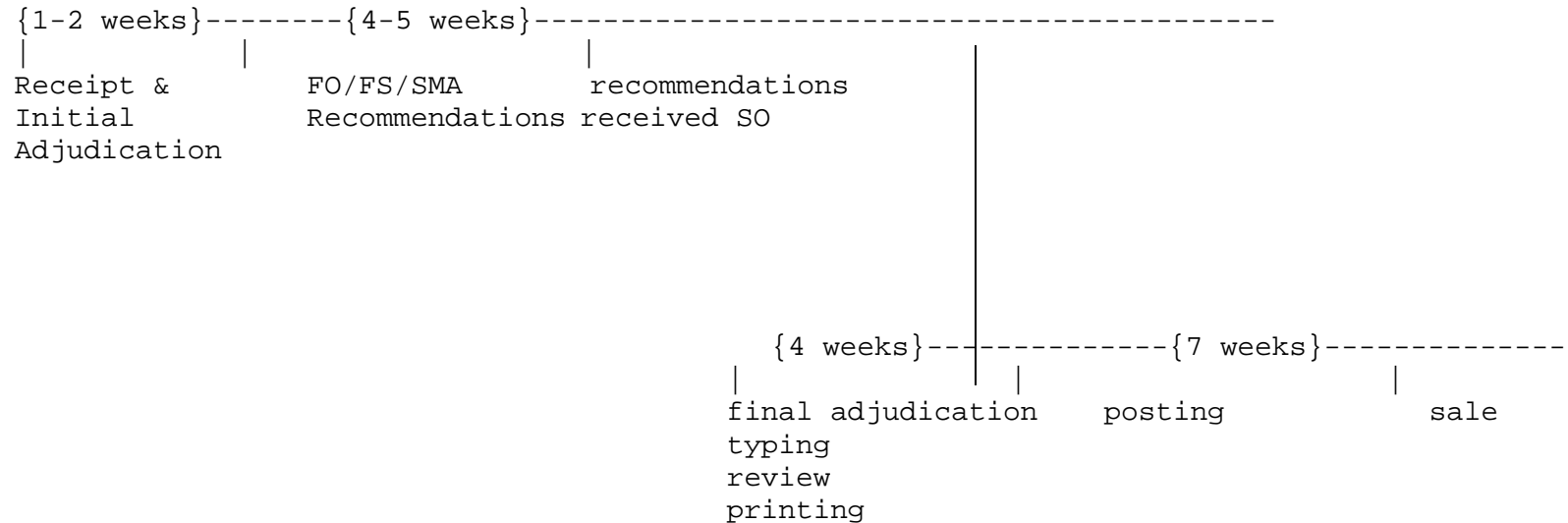
NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

**TIMELINE TO PROCESS EXPRESSIONS OF INTEREST (EOI)
OR PRESALE OFFERS**



**Total time required to process EOI/Offer
4-5 months {16-18 weeks}**

SMA-Surface Management Agency
 ie: Forest Service, Bureau of Reclamation
 FO-BLM Field Office FS-BLM Field Office
 SO-Montana State Office

ALL LANDS ARE LISTED IN TOWNSHIP AND RANGE ORDER

MONTANA

03-03-01 PD
T. 5 N, R. 38 E, PMM, MT
sec. 2 LOT 1;
2 SENE, NESE;
8 SESE;
Rosebud 154.55 AC

03-03-02 PD
T. 6 N, R. 38 E, PMM, MT
sec. 26 E2;
Rosebud 320.00 AC

03-03-03 ACQ
T. 31 N, R. 38 E, PMM, MT
sec. 1 SE;
2 LOTS 1, 2, 3;
2 S2NE, SENW, E2SW, SE;
3 LOT 4;
3 SWNW, W2SW;
11 NWNE, NENW;
12 NE, E2W2, S2SE;
Valley 1284.07 AC
Stipulation: Standard

03-03-04 PD
T. 31 N, R. 38 E, PMM, MT
sec. 2 LOT 4;
2 SWNW, W2SW;
3 LOT 1;
3 SENE, SENW, E2SW, E2SE;
10 E2E2, N2NW, SWNW, N2SW, SESW;
Valley 842.41 AC
Stipulation: Standard

03-03-05 PD
T. 31 N, R. 38 E, PMM, MT
sec. 12 N2SE;
13 NWSW, SESW;
14 E2NW, SESW;
15 E2E2, SENW, E2SW;
Valley 560.00 AC
Stipulation: Standard

03-03-06 ACQ
T. 31 N, R. 38 E, PMM, MT
sec. 13 E2, S2NW, NESW, SWSW;
14 SENE, NESE, S2SE;
23 E2NE, SWNE, E2NW, S2;
24 N2N2, SWNW, SW;
Valley 1520.00 AC
Stipulation: Standard

03-03-07 PD
T. 31 N, R. 38 E, PMM, MT
sec. 22 NENW;
23 NWNE, SWNW;
24 S2NE, SENW, SE;
Valley 400.00 AC
Stipulation: Standard

03-03-08 PD
T. 31 N, R. 38 E, PMM, MT
sec. 25 NE, E2NW, SW, W2SE;
26 NWNW, S2NW, N2SW, SWSW;
34 W2SW;
35 SW, SESE;
Valley 1000.00 AC
Stipulation: Standard

03-03-09 ACQ
T. 31 N, R. 38 E, PMM, MT
sec. 25 W2NW, E2SE;
26 E2, NENW, SESW;
27 NW, W2SW, E2SE;
34 E2NE, W2NW;
Valley 1040.00 AC
Stipulation: Standard

03-03-10 PD
T. 32 N, R. 38 E, PMM, MT
sec. 1 LOTS 1,2,3,4;
1 S2N2,N2S2,S2SW,SWSE;
2 LOTS 2,3;
2 S2NW,N2SW,SWSW,SESE;
Valley 985.60 AC
Stipulation: Standard

03-03-11 ACQ
T. 32 N, R. 38 E, PMM, MT
sec. 2 LOTS 1,4;
2 S2NE,SESW,N2SE,SWSE;
3 LOTS 1,2,3,4;
3 S2NW,SW,S2SE;
10 ALL;
Valley 1503.32 AC
Stipulation: Standard

03-03-12 PD
T. 32 N, R. 38 E, PMM, MT
sec. 3 S2NE,N2SE;
11 E2,NWNW;
12 W2NE,W2,E2SE;
Valley 1000.00 AC
Stipulation: Standard

03-03-13 ACQ
T. 32 N, R. 38 E, PMM, MT
sec. 11 NENW,S2NW,SW;
14 W2NW,S2;
15 N2;
Valley 1000.00 AC
Stipulation: Standard

03-03-14 PD
T. 32 N, R. 38 E, PMM, MT
sec. 13 E2NE,W2NW,SWSE;
14 NE,E2NW;
24 E2SE;
Valley 520.00 AC
Stipulation: Standard

03-03-15 ACQ
T. 32 N, R. 38 E, PMM, MT
sec. 13 SWNE,SESW,SW,N2SE,SESE;
23 N2;
24 N2,SW,W2SE;
Valley 1240.00 AC
Stipulation: Standard

03-03-16 PD
T. 32 N, R. 38 E, PMM, MT
sec. 22 W2,W2SE;
26 SW,W2SE;
27 NWNE,NENW,NESW;
Valley 760.00 AC
Stipulation: Standard

03-03-17 ACQ
T. 32 N, R. 38 E, PMM, MT
sec. 26 N2;
34 W2SW,S2SE;
35 E2,SW;
Valley 960.00 AC
Stipulation: Standard

03-03-18 PD
T. 32 N, R. 38 E, PMM, MT
sec. 34 E2NE,E2NW,NESW,NESE;
35 NW;
Valley 400.00 AC
Stipulation: Standard

03-03-19 ACQ
T. 34 N, R. 38 E, PMM, MT
sec. 35 E2SW,S2SE;
Valley 160.00 AC
Stipulation: Standard

03-03-20 PD
T. 5 N, R. 39 E, PMM, MT
sec. 18 LOT 4;
22 W2NW;
24 E2;
26 NWSW, S2SW;
28 S2;
30 LOT 1;
34 N2N2, NWSW, S2SW, SWSE;
Rosebud 1238.21 AC
Stipulations: CSU-1, NSO-1, Timing-1,

03-03-21 PD
T. 30 N, R. 39 E, PMM, MT
sec. 1 LOTS 3, 4;
1 S2NW;
2 LOTS 1, 2;
2 S2NE, SENW, S2;
11 SW;
12 S2SW;
Valley 923.80 AC
Stipulation: Standard

03-03-22 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 3 LOTS 1, 2, 3, 4;
3 SWNE, S2NW;
11 N2, SE;
12 S2N2, N2SW, SE;
Valley 1164.88 AC
Stipulation: Standard

03-03-23 PD
T. 30 N, R. 39 E, PMM, MT
sec. 3 E2SE;
9 E2SW, SE;
10 E2, SWSW;
Valley 680.00 AC
Stipulation: Standard

03-03-24 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 5 S2;
9 N2, W2SW;
Valley 720.00 AC
Stipulation: Standard

03-03-25 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 6 LOT 1 EXCL 1.0 AC IN
RSVR ROW M049525;
6 LOT 6 EXCL 0.30 AC IN
RSVR ROW M049525;
6 LOT 7 EXCL 18.54 AC IN
RSVR ROW M049525;
6 SENE, SE;
7 LOT 1 EXCL 31.91 AC IN
RSVR ROW M049525;
7 LOT 2 EXCL 9.31 AC IN
RSVR ROW M049525;
7 LOTS 3, 4 EXCL 10.0 AC
IN RSVR ROW M049525;
7 E2, E2SW;
8 ALL;
Valley 1445.29 AC
Stipulation: Standard

03-03-26 PD
T. 30 N, R. 39 E, PMM, MT
sec. 6 LOTS 2, 3, 4, 5;
6 SWNE, SENW, E2SW;
7 NENW EXCL 0.72 AC IN
RSVR ROW M049525;
7 SENW EXCL 0.43 AC IN
RSVR ROW M049525;
Valley 400.70 AC
Stipulation: Standard

03-03-27 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 13 E2, W2W2, SESW;
14 NENE, S2NE, SWSW, SE;
15 W2NE, N2SE, SESE;
Valley 1040.00 AC
Stipulation: Standard

03-03-28 PD
T. 30 N, R. 39 E, PMM, MT
sec. 13 E2NW, NESW;
14 NWNE, NW, N2SW, SESW;
15 E2NE, NWNW;
Valley 560.00 AC
Stipulation: Standard

03-03-29 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 17 W2E2,NW;
18 LOTS 3,4;
18 NE,E2W2,W2SE;
19 LOTS 3,4;
19 N2NE,E2SW;
20 W2;
Valley 1357.66 AC
Stipulation: Standard

03-03-30 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 21 SW;
22 SW;
27 W2;
28 S2;
Valley 960.00 AC
Stipulation: Standard

03-03-31 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 23 NE,N2NW,SENE,N2SE,SESE;
24 ALL;
25 ALL;
26 E2NE;
Valley 1760.00 AC
Stipulation: Standard

03-03-32 PD
T. 30 N, R. 39 E, PMM, MT
sec. 23 E2SW,SWSE;
26 NWNE;
33 NE;
Valley 320.00 AC
Stipulation: Standard

03-03-33 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 29 S2;
30 LOTS 1,2,3,4;
30 NWNE,S2NE,E2W2,SE;
31 E2 EXCL 5.0 AC DESC BY
M&B;
Valley 1233.40 AC
Stipulation: Standard

**The exact metes and bounds
description will be made a part of
any lease issued for these lands.**

03-03-34 ACQ
T. 30 N, R. 39 E, PMM, MT
sec. 32 ALL;
33 NW,S2;
35 SW,SWSE;
Valley 1320.00 AC
Stipulation: Standard

03-03-35 PD
T. 31 N, R. 39 E, PMM, MT
sec. 6 LOTS 1-5 INCL;
6 S2NE,SENE;
19 LOTS 1,2,3,4;
19 NE,E2W2,W2SE;
20 N2N2,SWNE,E2SW;
21 W2SW;
Valley 1257.52 AC
Stipulation: Standard

03-03-36 ACQ
T. 31 N, R. 39 E, PMM, MT
sec. 19 E2SE;
20 SENE,S2NW,W2SW,SE;
30 LOTS 2,3,4;
30 NENE,SWNE,E2NW,E2SE;
31 LOT 1;
31 N2NE,NENW;
Valley 976.21 AC
Stipulation: Standard

03-03-37 ACQ
T. 31 N, R. 39 E, PMM, MT
sec. 21 NW, E2SW, E2SE;
22 SW;
29 W2NE, NWNW, SENW;
32 W2NW;
Valley 720.00 AC
Stipulation: Standard

03-03-38 PD
T. 31 N, R. 39 E, PMM, MT
sec. 28 W2W2;
29 E2NE, NENW, SWNW, S2;
Valley 640.00 AC
Stipulation: Standard

03-03-39 PD
T. 31 N, R. 39 E, PMM, MT
sec. 30 LOT 1;
30 SENE, E2SW, W2SE;
31 LOTS 2-5 INCL;
31 LOTS 6, 7 EXCL 1.5 AC IN
31 RSVR ROW M049525;
31 S2NE, SENW, NESW, NWSE;
31 NESE EXCL 0.5 AC IN
31 RSVR ROW M049525;
Valley 714.73 AC
Stipulation: Standard

03-03-40 PD
T. 32 N, R. 39 E, PMM, MT
sec. 19 LOTS 1, 2;
19 E2, E2NW;
30 LOTS 3, 4;
30 E2SW, SE;
Valley 805.66 AC
Stipulation: Standard

03-03-41 ACQ
T. 32 N, R. 39 E, PMM, MT
sec. 23 SW;
24 NWNE, S2NE, E2NW, SE;
25 W2, N2SE;
26 N2, SE;
Valley 1400.00 AC
Stipulation: Standard

03-03-42 PD
T. 32 N, R. 39 E, PMM, MT
sec. 24 NENE, W2NW;
25 S2SE;
26 SW;
35 E2SE;
Valley 440.00 AC
Stipulation: Standard

03-03-43 ACQ
T. 32 N, R. 39 E, PMM, MT
sec. 27 N2, SE;
31 LOTS 1, 2;
31 NE, E2NW;
34 NE;
35 N2, E2SW, W2SE;
Valley 1443.65 AC
Stipulation: Standard

03-03-44 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 1 LOTS 1, 2, 3, 4;
1 S2N2, S2;
2 LOTS 1, 2, 3, 4;
2 S2N2, S2;
Valley 1282.32 AC
Stipulation: Standard

03-03-45 PD
T. 34 N, R. 39 E, PMM, MT
sec. 3 NWSW;
10 NENW;
11 E2SE;
Valley 160.00 AC
Stipulation: Standard

03-03-46 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 4 LOTS 1, 2, 3, 4;
4 S2NE, SE;
9 SE
Valley 400.96 AC
Stipulation: Standard

03-03-47 PD
T. 34 N, R. 39 E, PMM, MT
sec. 5 LOTS 1,2,3,4;
6 LOT 1;
Valley 199.92 AC
Stipulation: Standard

03-03-48 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 10 E2NE,S2;
11 N2,SW,W2SE;
12 E2;
Valley 1280.00 AC
Stipulation: Standard

03-03-49 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 13 W2;
14 ALL;
23 N2;
24 NW,E2SW;
Valley 1520.00 AC
Stipulation: Standard

03-03-50 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 15 ALL;
16 E2;
22 NW,S2;
Valley 1440.00 AC
Stipulation: Standard

03-03-51 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 19 LOT 12;
20 E2,E2SW;
21 N2NE,SENE,SW,N2SE,SWSE;
Valley 840.00 AC
Stipulation: Standard

03-03-52 PD
T. 34 N, R. 39 E, PMM, MT
sec. 21 SESE;
Valley 40.00 AC
Stipulation: Standard

03-03-53 PD
T. 34 N, R. 39 E, PMM, MT
sec. 23 NESW;
24 NWSW;
25 S2SW;
26 S2SE;
Valley 240.00 AC
Stipulation: Standard

03-03-54 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 25 E2,NW,N2SW;
26 N2,N2SE;
27 S2NE;
Valley 1040.00 AC
Stipulation: Standard

03-03-55 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 28 N2;
32 ALL;
33 NW;
34 SESW;
Valley 1160.00 AC
Stipulation: Standard

03-03-56 ACQ
T. 34 N, R. 39 E, PMM, MT
sec. 29 E2,N2NW,SENE,SW;
30 LOTS 9,10,11,12;
30 E2SE;
31 LOTS 1-12 INCL;
31 E2;
Valley 1613.86 AC
Stipulation: Standard

03-03-57 PD
T. 34 N, R. 39 E, PMM, MT
sec. 29 SWNW;
30 LOT 4;
30 SENE;
33 NWSW;
Valley 155.24 AC
Stipulation: Standard

03-03-58 ACQ
T. 35 N, R. 39 E, PMM, MT
sec. 26 W2NE,NENW,S2NW;
27 SENE;
Valley 240.00 AC
Stipulation: Standard
50% U.S. MINERAL INTEREST

This parcel has a fractional interest. Rental is payable on total acres; royalty is payable on fractional interest.

03-03-59 ACQ
T. 35 N, R. 39 E, PMM, MT
sec. 26 W2SE;
34 W2;
35 W2NE;
Valley 480.00 AC
Stipulation: Standard

03-03-60 PD
T. 35 N, R. 39 E, PMM, MT
sec. 28 NE,E2NW,S2NW,NESW,NWSE;
29 SENE;
31 SWSE;
32 NESW,S2SW;
Valley 560.00 AC
Stipulation: Standard

03-03-61 ACQ
T. 35 N, R. 39 E, PMM, MT
sec. 31 N2SE,SESE;
32 S2NW,N2SW;
33 NE,S2;
Valley 680.00 AC
Stipulation: Standard

03-03-62 PD
T. 5 N, R. 40 E, PMM, MT
sec. 12 S2;
14 E2;
24 SWNE,SENE,SW,W2SE;
28 E2;
32 N2;
34 S2;
Rosebud 1920.00 AC
Stipulation: CSU-1

03-03-63 PD
T. 6 N, R. 40 E, PMM, MT
sec. 20 LOT 1;
22 LOT 13;
24 SWSE;
Rosebud 65.06 AC
Stipulation: NSO-2

03-03-64 ACQ
T. 30 N, R. 40 E, PMM, MT
sec. 4 LOTS 1,2,3,4;
4 S2N2,S2;
7 LOTS 1,2,4;
7 E2W2;
9 ALL;
Valley 1537.17 AC
Stipulation: Standard

03-03-65 PD
T. 30 N, R. 40 E, PMM, MT
sec. 7 LOT 3;
Valley 32.35 AC
Stipulation: Standard

03-03-66 ACQ
T. 30 N, R. 40 E, PMM, MT
sec. 18 LOTS 1,2,3,4;
18 E2NW,SESW,S2SE;
19 LOTS 1,2,3,4;
19 N2NE,E2W2;
30 LOT 1;
30 NENW;
Valley 780.05 AC
Stipulation: Standard

03-03-67 ACQ
T. 30 N, R. 40 E, PMM, MT
sec. 21 E2SW,SE;
28 N2,SW,W2SE;
29 NENE,S2NE,N2SW,S2SW,SE;
Valley 1200.00 AC
Stipulation: Standard

03-03-68 ACQ
T. 30 N, R. 40 E, PMM, MT
sec. 31 LOTS 3, 4;
31 E2SW, SE;
32 NENE, NW;
33 NWNW;
Valley 550.49 AC
Stipulation: Standard

03-03-69 PD
T. 31 N, R. 40 E, PMM, MT
sec. 3 LOT 4;
3 SWNW, SW;
4 LOT 2;
4 SWNE, N2SE, SESE;
9 NE;
10 NWNW, NWSW;
Valley 678.42 AC
Stipulation: Standard

03-03-70 ACQ
T. 31 N, R. 40 E, PMM, MT
sec. 9 E2SE;
10 NESW, S2SW;
14 SW;
15 N2NW, SWNW, SESE;
Valley 520.00 AC
Stipulation: Standard

03-03-71 PD
T. 31 N, R. 40 E, PMM, MT
sec. 11 SWSW;
14 SWNE, NENW;
15 NWNE, SENW, E2SW;
35 E2NE;
Valley 360.00 AC
Stipulation: Standard

03-03-72 ACQ
T. 31 N, R. 40 E, PMM, MT
sec. 22 SENE;
23 W2NW;
35 LOTS 2, 3, 4;
35 W2NE, NESW, N2SE;
Valley 440.51 AC
Stipulation: Standard

03-03-73 ACQ
T. 32 N, R. 40 E, PMM, MT
sec. 19 W2, SE;
30 NW, N2SW;
Valley 720.00 AC
Stipulation: Standard

03-03-74 PD
T. 32 N, R. 40 E, PMM, MT
sec. 20 S2NW, SW;
28 N2NW;
30 S2SW;
31 W2;
32 NENE;
33 N2N2, SENW;
Valley 960.00 AC
Stipulation: Standard

03-03-75 PD
T. 14 N, R. 55 E, PMM, MT
sec. 8 LOT 9;
Dawson 37.28 AC
Stipulations: CSU-2, NSO-2

03-03-76 PD
T. 26 N, R. 59 E, PMM, MT
sec. 2 LOT 4;
2 SWNE;
Roosevelt 80.20 AC
Stipulations: CSU-1, 2

03-03-77 PD
T. 27 N, R. 59 E, PMM, MT
sec. 35 E2;
Roosevelt 320.00 AC
Stipulations: CSU-1, 2

STATISTICS

Total Parcels: 77
Total Acreage: 62,705.49
No. of Parcels with Presale Offers 0

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Prior to surface disturbance on slopes over 30 percent, an engineering/reclamation plan must be approved by the authorized officer. Such plan must demonstrate how the following will be accomplished:

- Site productivity will be restored.
- Surface runoff will be adequately controlled.
- Off-site areas will be protected from accelerated erosion, such as rilling, gullyng, piping, and mass wasting.
- Water quality and quantity will be in conformance with state and federal water quality laws.
- Surface-disturbing activities will not be conducted during extended wet periods.
- Construction will not be allowed when soils are frozen.

On the lands described below:

For the purpose of:

To maintain soil productivity, provide necessary protection to prevent excessive soil erosion on steep slopes, and to avoid areas subject to slope failure, mass wasting, piping, or having excessive reclamation problems.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Land Description</u>
03-03-20	T 5 N, R 39 E, PMM sec. 24: E2 28: S2
03-03-62	T 5 N, R 40 E, PMM sec. 12: S2 14: E2 28: E2 32: N2 34: S2
03-03-76	T 26 N, R 59 E, PMM sec. 2: Lot 4
03-03-77	T 27 N, R 59 E, PMM sec. 35: NWNE

CSU-1

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

All surface-disturbing activities, semi-permanent and permanent facilities in VRM Class II, areas may require special design, including location, painting, and camouflage, to blend with the natural surroundings and meet the visual quality objectives for the area.

On the lands described below:

For the purpose of:

To control the visual impacts of activities and facilities within acceptable levels.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Land Description</u>
03-03-75	T 14 N, R 55 E, PMM sec. 8: Lot 9
03-03-76	T 26 N, R 59 E, PMM sec. 2: Lot 4 2: SWNE
03-03-77	T 27 N., R. 59 E, PMM sec. 35: S2NE,SE

CSU-2

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within 1/4 mile of grouse leks.

On the lands described below:

For the purpose of:

To protect the sharptail and sage grouse lek sites necessary for the long-term maintenance of grouse populations in the area.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Land Description</u>
03-03-20	T 5 N, R 39 E, PMM sec. 22: W2NW

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within riparian areas, 100-year flood plains of major rivers, and on water bodies and streams.

On the lands described below:

For the purpose of:

To protect the unique biological and hydrological features associated with riparian areas, 100-year flood plains of major rivers, and water bodies and streams.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Land Description</u>
03-03-63	T 6 N, R 40 E, PMM sec. 20: Lot 1 22: Lot 13
03-03-75	T 14 N, R 55 E, PMM sec. 8: Lot 9

NSO-2

UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
P. O. Box 36800
Billings, Montana 59107

OIL AND GAS LEASE STIPULATIONS

ESTHETICS--To maintain esthetic values, all surface-disturbing activities, semi permanent and permanent facilities may require special design including location, painting and camouflage to blend with the natural surroundings and meet the intent of the visual quality objectives of the Federal Surface Managing Agency (SMA).

EROSION CONTROL--Surface-disturbing activities may be prohibited during muddy and/or wet soil periods.

CONTROLLED OR LIMITED SURFACE USE STIPULATION --This stipulation may be modified, consistent with land use documents, when specifically approved in writing by the Bureau of Land Management (BLM) with concurrence of the SMA. Distances and/or time periods may be made less restrictive depending on the actual on ground conditions. The prospective lessee should contact the SMA for more specific locations and information regarding the restrictive nature of this stipulation.

The lessee/operator is given notice that the lands within this lease may include special areas and that such areas may contain special values, may be needed for special purposes, or may require special attention to prevent damage to surface and/or other resources. Possible special areas are identified below. Any surface use or occupancy within such special areas will be strictly controlled, or **if absolutely necessary**, excluded. Use or occupancy will be restricted only when the BLM and/or the SMA demonstrates the restriction necessary for the protection of such special areas and existing or planned uses. Appropriate modifications to imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the SMA has been advised of specific proposed surface use or occupancy on the leased lands, and on request of the lessee/operator, the Agency will furnish further data on any special areas which may include:

100 feet from the edge of the rights-of-way from highways, designated county roads and appropriate federally-owned or controlled roads and recreation trails.

500 feet, or when necessary, within the 25-year flood plain from reservoirs, lakes, and ponds and intermittent, ephemeral or small perennial streams: 1,000 feet, or when necessary, within the 100-year flood plain from larger perennial streams, rivers, and domestic water supplies.

500 feet from grouse strutting grounds. Special care to avoid nesting areas associated with strutting grounds will be necessary during the period from March 1, to June 30. One-fourth mile from identified essential habitat of state and federal sensitive species. Crucial wildlife winter ranges during the period from December 1 to May 15, and in elk calving areas during the period from May 1 to June 30.

300 feet from occupied buildings, developed recreational areas, undeveloped recreational areas receiving concentrated public use and sites eligible for or designated as National Register sites.

Seasonal road closures, roads for special uses, specified roads during heavy traffic periods and on areas having restrictive off-road vehicle designations.

On slopes over 30 percent or 20 percent on extremely erodable or slumping soils.

Standard(May 2001)

See Notice on Back

NOTICE

APPLICATIONS FOR PERMIT TO DRILL (APDs)--The appropriate BLM field offices are responsible for the receipt, processing, and approval of APDs. The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 -- Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations can be found in the Code of Federal Regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM field offices in which the operations are proposed. Early coordination with these offices on proposals is encouraged.

CULTURAL AND PALEONTOLOGICAL RESOURCES--The SMA is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the SMA, shall:

1. Contact the appropriate SMA to determine if a site-specific cultural resource inventory is required. If an inventory is required, then:
2. Engage the services of a cultural resource specialist acceptable to the SMA to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the SMA for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the SMA. Mitigation may include the relocation of proposed lease-related activities or other protective measures such as testing salvage and recordation. Where impacts to cultural resources cannot be mitigated to the satisfaction of the SMA, surface occupancy on that area must be prohibited.

The operator shall immediately bring to the attention of the SMA any cultural or paleontological resources discovered as a result of approved operations under this lease, and not disturb such discoveries until directed to proceed by the SMA.

ENDANGERED OR THREATENED SPECIES--The SMA is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species, listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the authorized officer of the SMA that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resources specialist approved by the SMA. An acceptable report must be provided to the SMA identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

TIMING LIMITATION STIPULATION

Surface use is prohibited from March 1 to June 15 in grouse nesting habitat within 2 miles of a lek. This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

To protect sharptail and sage grouse nesting habitat from disturbance during spring and early summer in order to maximize annual production of young and to protect nesting activities adjacent to nesting sites for the long-term maintenance of grouse populations in the area.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Land Description</u>
03-03-20	T 5 N, R 39 E, PMM sec. 28: S2 30: Lot 1

Timing-1